



# House of Representatives

General Assembly

**File No. 139**

February Session, 2016

Substitute House Bill No. 5286

*House of Representatives, March 23, 2016*

The Committee on Aging reported through REP. SERRA of the 33rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING STATE PENSION PAYOUTS BASED ON RETIREE AGE.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 5-156b of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2016*):

3 The Retirement Commission shall employ the services of one or  
4 more actuaries, each of which shall be an individual or firm having on  
5 its staff a fellow of the society of actuaries, to carry out the actuarial  
6 duties of sections 5-156, 5-156a and subsection (b) of section 5-168 and  
7 for such related purposes as the Retirement Commission deems  
8 advisable. The cost of such services shall be charged to the retirement  
9 fund. The actuary shall make such investigations of the mortality,  
10 service and compensation experience of the members of the system as  
11 the commission shall recommend and authorize, and on the basis of  
12 the investigations he shall recommend for adoption by the commission  
13 such tables and rates as are required. Having regard to the  
14 investigations and recommendations, the commission shall adopt such

15 tables as it deems necessary and shall certify the rates of contribution  
16 necessary to fund the system. On and after the effective date of this  
17 section, the commission shall not adopt actuarial option tables based  
18 on age that result in reduced pension payouts for married employees  
19 who retire over the age of seventy unless such tables have been  
20 approved in collective bargaining. At least once in each five-year  
21 period, the actuary shall make actuarial investigations into the  
22 mortality, service and compensation experience of the members and  
23 beneficiaries of the system and shall, at least once in each two-year  
24 period, make a valuation of the assets and liabilities of the funds of the  
25 system. The commission, taking into account the results of such  
26 investigations and valuations, shall adopt for the system mortality,  
27 service and other tables as it deems necessary and shall certify the rates  
28 of annual contribution payable under the applicable provisions of this  
29 chapter.

This act shall take effect as follows and shall amend the following sections:

|           |              |        |
|-----------|--------------|--------|
| Section 1 | July 1, 2016 | 5-156b |
|-----------|--------------|--------|

***Statement of Legislative Commissioners:***

In Section 1, "retire at over the age" was changed to "retire over the age" for accuracy and clarity.

***AGE***      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill does not result in a fiscal impact to the state or municipalities as the actuarial methods employed by the State Employees' Retirement System (SERS) Actuaries are in accordance with the practices prescribed by the Actuarial Standards Board and are outside of the purview of the Retirement Commission. In addition, CGS 5-156a requires SERS be funded on an actuarial reserve basis which requires compliance with actuarial standards. Lastly, changes to actuarial methodologies have required agreement between the State and the State Employees' Bargaining Agent Coalition (SEBAC).<sup>1</sup> The current pension agreement between the state and SEBAC is effective until 2022.

**The Out Years**

**State Impact:** None

**Municipal Impact:** None

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<sup>1</sup> SEBAC Agreements I (1988), II & III (1992), and IV (1995).

**OLR Bill Analysis****sHB 5286*****AN ACT CONCERNING STATE PENSION PAYOUTS BASED ON RETIREE AGE.*****SUMMARY:**

This bill prohibits the Connecticut Retirement Commission from using age-based actuarial option tables that reduce pension payouts for state employees who retire over the age of 70, unless the tables were approved in collective bargaining. Actuarial option tables calculate actuarially adjusted pay rates for various payment options (e.g., a payment option that reduces a pensioner's monthly payment but continues to pay the pensioner's spouse after his or her death).

By law, changes to the State Employment Retirement System must be collectively bargained with the State Employees Bargaining Agent Coalition (SEBAC), and SEBAC contract provisions supersede any contrary provisions of state law (CGS §5-278(e)). Thus, it appears the bill will not have any effect until the current SEBAC agreement expires on July 1, 2022.

EFFECTIVE DATE: July 1, 2016

**COMMITTEE ACTION**

Aging Committee

Joint Favorable Substitute

Yea 13 Nay 0 (03/08/2016)